

**HB 4245 -Submission to the Tax Policy Committee of the Michigan House
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**By: James J. Carter, Attorney, 5181 Plainfield Ave NE, Ste A
Grand Rapids, MI 49525. Jim@CarterLaw.us**

I am an attorney in Grand Rapids. My practice consists mostly of individuals and entities involved in renewable energy. I am also a board member and general counsel for the Great Lakes Renewable Energy Association and do financial analysis for businesses contemplating solar installations.

The primary reason this bill should be passed is that it will remove a conflict in policies regarding renewable energy in Michigan. It will also stimulate Michigan economic activity.

On the federal level we have the 30% tax credit and accelerated depreciation to encourage solar development, but the farmer or other business considering a solar system faces the prospect of all the tax savings at the federal level being nullified by unknown property taxes assessed by the local assessor.

On the state level, the Clean, Renewable, and Efficient Energy Act of 2008 (Public Act 295 of 2008) encourages individuals and businesses to install renewable energy systems to increase the amount of energy derived from renewable sources in Michigan. For example, net metering provisions in Public Act 295 allow the owners of certain energy generation systems, such as solar panels or wind turbines, to sell excess energy to their utility and receive a credit to be applied to future bills.

We therefore have both federal and state policies to support renewable energy. However, without the property tax exemption created by this bill, even very motivated homeowners and businesses are reluctant to invest in renewable energy systems because of uncertainty about how the installation would affect their property taxes. This bill will keep property tax considerations from discouraging individuals, farmers, and other businesses from installing the very types of systems that both the federal and state governments are trying to promote.

Passage of this bill would not only create economic activity and employment for solar contractors, it would also allow farmers and other businesses in Michigan to fix their electrical cost for at least a couple of decades enabling them to avoid increases in electrical expense, thereby increasing their profitability.

Another reason to pass this bill is that installation of renewable energy systems will take some pressure off utilities, particularly the summer load from A/C, while the utilities transition from coal generation to natural gas generation, coupled with utility size wind farms. It is unlikely that any new coal generating plants will be built, and the existing coal generating plants will not be converted to natural gas according to Valerie Brader, a senior policy adviser to Gov. Snyder. The installation of renewable generating systems by farms and other businesses would make the transition easier for utilities as they transition to natural gas.

An earlier bill exempting renewable energy systems in the 2009 Legislative Session, HB 4103, passed the House, and was supported by: The Department of Treasury (3-10-09), the Michigan Assessors Association (3-12-09), and the Michigan Farm Bureau (3-10-09) as well as other organizations. It is very likely they would also support this bill.